



Department of Justice

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JUSTICE DEPARTMENT REQUIRES DIVESTITURES IN \$1.5 BILLION MERGER OF MONSANTO AND DELTA & PINE LAND

Divestiture of Stoneville Pedigreed Seed Company, DPL Seed Lines, and Other Assets Will Preserve Competition for Farmers Throughout Cotton Belt

WASHINGTON — The Department of Justice announced today that it will require Monsanto Company and Delta & Pine Land Company (DPL) to divest a significant seed company, multiple cottonseed lines, and other valuable assets in order to proceed with their \$1.5 billion merger. The Department will also require Monsanto to change certain license agreements as a condition for proceeding with its acquisition of DPL. The Department said that the transaction, as originally proposed, would have caused higher prices to U.S. farmers for traited cottonseed and would have blocked or delayed development of traits for cottonseed that would compete with Monsanto. Traited cottonseed is seed that has been genetically modified to include highly desirable characteristics, such as resistance to insects or tolerance to herbicides.

The Department's Antitrust Division filed a civil lawsuit today in U.S. District Court in Washington, D.C. to block the proposed transaction. At the same time, the Department filed a proposed consent decree that, if approved by the court, would resolve the lawsuit and the Department's anticompetitive concerns.

In order to go forward with their proposed transaction, the merged firm must divest Monsanto's Stoneville Pedigreed Seed Company, 20 proprietary DPL cottonseed lines, and other significant assets. Monsanto must also provide the divested Stoneville company a license as favorable as DPL's current Monsanto license in terms of revenues, future traits, and the ability to combine or "stack" non-Monsanto traits with Monsanto traits. The merged firm will also have to divest to Syngenta Crop Protection AG a group of 43 DPL cottonseed lines that contain VipCot, Syngenta's insect-resistant trait technology that DPL planned to begin marketing as early as 2009. Finally, the merged firm must amend certain terms in its current trait license agreements with other cottonseed companies to allow them, without penalty, to stack non-Monsanto and Monsanto traits and to sell cottonseed that includes non-Monsanto traits.

"Without a remedy, the acquisition of DPL by Monsanto would pose a serious threat to competition for the sale of traited cottonseeds," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division. "The significant divestitures and licensing changes obtained by the Department through this enforcement action will ensure that cotton farmers benefit from competition to develop and sell high-yielding cottonseed with the most desirable traits."

The Department said that the divestitures and other relief will:

- Preserve the current competition to sell traited cottonseed;
- Prevent any significant delay in bringing cottonseed with non-Monsanto traits to the marketplace; and
- Ensure the continued presence in the market of a firm independent of Monsanto with traited cottonseed development capabilities sufficient to serve as a platform for future trait development and commercialization.

According to the complaint, the combined company would dominate the traited cottonseed market in the United States, with nearly 95 percent of all cottonseed sales in the high-value cotton-growing regions of the MidSouth – Arkansas, Louisiana, Mississippi, Missouri, and Tennessee and the Southeast – Alabama, Florida, Georgia, North Carolina, South Carolina, and Virginia.

The merger as proposed would also likely delay, if not deter, efforts to develop traits that would benefit U.S. cotton farmers. Monsanto is the dominant provider of biotechnology traits for cottonseed. Monsanto's successful commercial traits are in significant part the fruit of its long relationship with DPL, combining Monsanto's biotechnology innovations with DPL's large collection of high-quality seeds and the seed company's knowledgeable cottonseed breeders. In the past few years, DPL began partnering with other biotechnology companies and planned to offer cottonseed with non-Monsanto traits in the near future. The Department determined that the proposed merger would have eliminated DPL as a partner independent of Monsanto for these trait developers and that the transaction would have delayed or even prevented competitive products from reaching the market.

By requiring significant divestitures and licensing changes, the Department's proposed settlement will ensure that the potential harm of the original transaction will be eliminated and that competition will be preserved in this important industry.

U.S. farmers grew more than 15 million acres of cotton in 2006, and the sales of such cotton generated more than \$5 billion in annual revenues.

Monsanto is incorporated in Delaware and has its headquarters in St. Louis. Monsanto is a leading provider of traits, seeds, and crop protection chemicals like Roundup. Monsanto developed the Bollgard and Bollgard II insect-resistant traits as well as the Roundup Ready and Roundup Ready Flex herbicide-tolerant traits. Monsanto had revenues of \$7.3 billion in 2006.

DPL is incorporated in Delaware and has its headquarters in Scott, Miss. DPL is the largest cottonseed producer in the world and had more than \$400 million of revenues in 2006.

Syngenta Crop Protection AG, which is headquartered in Basel, Switzerland, is a global agribusiness. In North America, Syngenta sells a full range of crop protection products as well as commercial seeds such as corn and soy.

As required by the Tunney Act, the proposed settlement and the Department's competitive impact statement will be published in *The Federal Register*. Any person may submit written comments concerning the proposed settlement during a 60-day comment period to Donna N. Kooperstein, Chief, Transportation, Energy and Agriculture Section, Antitrust Division, U.S. Department of Justice, 325 7th St. NW, Suite 500, Washington, D.C. 20530, 202-307-6349.

At the conclusion of the 60-day comment period, the U.S. District Court for the District of Columbia may enter the proposed consent decree upon finding that it is in the public interest.

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